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FISCAL IMPACT REPORT

ORIGINAL DATE 02/08/13

SPONSOR Gonzales LAST UPDATED _____ HM 10

SHORT TITLE Raise Road and Infrastructure Revenue SB _____

ANALYST Soderquist

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY13	FY14	FY15	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	Indeterminate					

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Transportation (DOT)
Indian Affairs Department (IAD)

No Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Memorial 10 (HM 10) requests the New Mexico Legislative Council convene a work group to identify and recommend additional revenue sources for state transportation infrastructure needs. The Legislative Council would invite representatives from the DOT, the Legislature, tribal governments, and local governments to serve on the work group. The Legislative Council would also name additional members whose expertise they believe would contribute to the mission of the work group. The work group would report its recommendations to the interim Revenue Stabilization and tax Policy Committee by October 2013 and provide copies of its report to the co-chairs of the Legislative Council and the Secretary of Transportation.

FISCAL IMPLICATIONS

No appropriations are recommended in HM 10. However, the proposed legislation requests that representatives from DOT, the Legislature, tribal governments, and local governments to serve

on the work group serve as members of the work group convened by the New Mexico Legislative Council. According to the DOT, this would result in significant staff time and other expenditures. Compliance with similar House Memorials in the past – the DOT response cites the Cambridge Systematics stakeholder group as an activity equivalent to that mentioned in the proposed legislation – cost approximately \$220.0 thousand to DOT alone. If the representatives are expected to serve on the work group at their own expense, there would be no cost to the proposed legislation. If per diem and other travel expenses are required for the activity, the costs would be more significant.

SIGNIFICANT ISSUES

Current revenue for state road funds, even when combined with federal funds, is insufficient to address needs critical to the economic welfare of the state. DOT economic analysis suggests state road funds will be negatively impacted even further as a result of fuel-efficient vehicles and declining population in the state. According to the DOT, there are currently at least \$1.5 billion in unfunded construction needs across the state, including a routine maintenance gap of approximately \$225 million, structurally deficient bridge repair needs of \$250 million, and heavy equipment replacement needs of \$150 million. Further, there are downtown “main street” reconstruction funding needs of approximately \$340 million and major investment project and interchange funding needs of approximately \$425 million. GRIP projects that have been deferred for lack of funding total \$390 million. Although other states are exploring options to address similar problems, the department is not currently considering plans for additional revenue sources.

The Indian Affairs Department (IAD) response emphasized the importance that the work group membership proportionally represent tribal interests given existing statutes that provide for tribal gas deductions.

PERFORMANCE IMPLICATIONS

If the members of the work group are required to serve at their own expense, the success of the work group might depend on the availability of the members.

OTHER SUBSTANTIVE ISSUES

Similar reports have been produced and presented in the past, although the state currently faces uniquely problematic funding shortfalls at this time. The DOT provides the following reports as examples: 1) the report on New Mexico Transportation Issues (including polling research) released in September 2010 as requested by 2010 House Memorial 9; 2) the report on Sustainable Transportation Funding Strategies released in March of 2010 as requested by 2009 House Memorial 5; 3) the December 2009 Budget Balancing Task Force Report, recommendations presented to the 2009 Legislature after extensive study and statewide meetings as directed by 2007 House Memorial 35; and 4) the October 2003 New Mexico Blue Ribbon Tax Reform Commission Final Report.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Potential solutions to current transportation infrastructure shortfalls would not be evaluated or recommended.